

Act No. 136
Public Act of 1989
July 11, 1989
Filed by the Secretary of State
July 11, 1989

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989**

Introduced by Reps. Stupak, Gagliardi, Palamara, Sofio, DeMars, Varga, Randall, Giese, Alley, DeBeaussaert, Pitoniak, Gire, Niederstadt, Hart, Hickner, Maynard, Bartnik and Honigman

ENROLLED HOUSE BILL No. 4693

AN ACT to amend sections 217, 226, and 226a of Act No. 300 of the Public Acts of 1949, entitled as amended "An act to provide for the registration, titling, sale, transfer, and regulation of vehicles operated upon the public highways of this state or any other place open to the general public and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state agencies; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," section 217 as amended by Act No. 470 of the Public Acts of 1988, section 226 as amended by Act No. 142 of the Public Acts of 1987, and section 226a as amended by Act No. 227 of the Public Acts of 1984, being sections 257.217, 257.226, and 257.226a of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 217, 226, and 226a of Act No. 300 of the Public Acts of 1949, section 217 as amended by Act No. 470 of the Public Acts of 1988, section 226 as amended by Act No. 142 of the Public Acts of 1987, and section 226a as amended by Act No. 227 of the Public Acts of 1984, being sections 257.217, 257.226, and 257.226a of the Michigan Compiled Laws, are amended to read as follows:

Sec. 217. (1) An owner of a vehicle subject to registration under this act shall apply to the secretary of state, upon an appropriate form furnished by the secretary of state, for the registration of the vehicle and issuance of a certificate of title for the vehicle. The application shall be accompanied by the required fee. An application for a certificate of title shall bear the signature of the owner written with pen and ink. The application shall contain all of the following:

(a) The name, bona fide residence, and mailing address of the owner or business address of a firm, association, or corporation.

(b) A description of the vehicle including the make or name, style of body, and model year; if the vehicle is a motor vehicle, the number of miles, not including the tenths of a mile, registered on the vehicle's odometer at the time of transfer; whether the vehicle is to be or has been used as a taxi or police vehicle, or by a political subdivision of this state; whether the vehicle has previously been issued a salvage or rebuilt certificate of title; vehicle identification number; and the vehicle's weight fully equipped, if a passenger vehicle registered pursuant to section 801(1)(a), and, if a trailer coach, in addition to the weight the manufacturer's serial number,

or in the absence of the serial number, a number assigned by the secretary of state. A number assigned by the secretary of state shall be permanently placed on the trailer coach in the manner and place designated by the secretary of state.

(c) A statement of the applicant's title and the names and addresses of the holders of security interests in the vehicle and in an accessory to the vehicle, in the order of their priority.

(d) Further information which the secretary of state reasonably requires to enable the secretary of state to determine whether the vehicle is lawfully entitled to registration and the owner entitled to a certificate of title. If the secretary of state is not satisfied as to the ownership of a late model vehicle or other vehicle having a value over \$1,500.00, before registering the vehicle and issuing a certificate of title, the secretary of state may require the applicant to file a properly executed surety bond in a form prescribed by the secretary of state and executed by the applicant and a company authorized to conduct a surety business in this state. The bond shall be in an amount equal to twice the value of the vehicle as determined by the secretary of state and shall be conditioned to indemnify or reimburse the secretary of state, any prior owner, and any subsequent purchaser of the vehicle, and their successors in interest, against any expense, loss, or damage, including reasonable attorney's fees, by reason of the issuance of a certificate of title to the vehicle or on account of any defect in the right, title, or interest of the applicant in the vehicle. An interested person has a right of action to recover on the bond for a breach of the conditions of the bond, but the aggregate liability of the surety to all persons shall not exceed the amount of the bond. The bond shall be returned at the end of 3 years, or before 3 years if the vehicle is no longer registered in this state and the currently valid certificate of title is surrendered to the secretary of state, unless the secretary of state has received notification of the pendency of an action to recover on the bond. If the secretary of state is not satisfied as to the ownership of a vehicle which is not a late model vehicle and whose value does not exceed \$1,500.00, the secretary of state shall require the applicant to certify that the applicant is the owner of the vehicle and entitled to register and title the vehicle.

(e) Except as provided in subdivision (f), an application for a commercial vehicle shall also have attached a scale weight receipt of the motor vehicle fully equipped as of the time the application is made. A scale weight receipt may not be necessary if there is presented with the application a registration receipt of the previous year that shows on its face the empty weight of the motor vehicle as registered with the secretary of state, that is accompanied by a statement of the applicant that there has not been structural change in the motor vehicle which has increased the empty weight, and that the previous registered weight is the true weight.

(f) An application for registration of a vehicle on the basis of elected gross weight shall include a declaration by the applicant specifying the elected gross weight for which application is being made.

(g) If the application is for a certificate of title of a motor vehicle registered pursuant to section 801(1)(q), the application shall include the manufacturer's suggested base list price for the model year of the vehicle. Annually, the secretary of state shall publish a list of the manufacturer's suggested base list price for each vehicle being manufactured. Once a base list price is published by the secretary of state for a model year for a vehicle, the base list price shall not be affected by subsequent increases in the manufacturer's suggested base list price but shall remain the same throughout the model year unless changed in the annual list published by the secretary of state. If the secretary of state's list has not been published for that vehicle by the time of the application for registration, the base list price shall be the manufacturer's suggested retail price as shown on the label required to be affixed to the vehicle under section 3 of the automobile information disclosure act, 15 U.S.C. 1232. If the manufacturer's suggested retail price is unavailable, the application shall list the purchase price of the vehicle as defined in section 801(4).

(2) A dealer selling or exchanging vehicles required to be titled, within 15 days after delivering a vehicle to the purchaser, and a person engaged in the sale of vessels required to be numbered by the marine safety act, Act No. 303 of the Public Acts of 1967, being sections 281.1001 to 281.1199 of the Michigan Compiled Laws, within 15 days after delivering a boat trailer weighing less than 2,500 pounds to the purchaser, shall apply to the secretary of state for a new title, if required, and transfer or secure registration plates and secure a certificate of registration for the vehicle or boat trailer, in the name of the purchaser. The dealer's license may be suspended or revoked as provided in section 249; for failure to apply for a title when required, or for failure to transfer or secure registration plates and certificate of registration within the 15 days provided. If the dealer or person fails to apply for a title when required, and to transfer or secure registration plates and secure a certificate of registration and pay the required fees within 15 days of delivery of the vehicle or boat trailer, a title and registration for the vehicle or boat trailer may be acquired thereafter only upon the payment of a transfer fee of \$15.00 in addition to the fees provided for in section 806. The purchaser of the vehicle or boat trailer shall sign the application, including, when applicable, the declaration specifying the maximum elected gross weight as required by subsection (1)(f), and other necessary papers to enable the dealer or person to secure the title, registration plates, and transfers from the secretary of state.

(3) If a vehicle is delivered to a purchaser who has valid Michigan registration plates which are to be transferred to the vehicle, and an application for title, if required, and registration for the vehicle is not made before delivery of the vehicle to the purchaser, the registration plates shall be affixed to the vehicle

immediately, and the dealer shall provide the purchaser with an instrument in writing, on a form prescribed by the secretary of state, which shall serve as a temporary registration for the vehicle for a period of 15 days from the date the vehicle is delivered.

(4) An application for a certificate of title which indicates the existence of a security interest in the vehicle or in an accessory to the vehicle shall, if requested by the security interest holder, be accompanied by a copy of the security agreement which need not be signed. The request may be made of the seller on an annual basis. The secretary of state shall indicate on the copy the date and place of filing of the application and return the copy to the person submitting the application who shall forward it to the holder of the security interest named in the application.

(5) If the seller does not prepare the credit information, contract, note, and mortgage, and the holder, finance company, credit union, or banking institution requires the installment seller to record the lien on the title, the holder, finance company, credit union, or banking institution shall pay the seller a service fee of not more than \$10.00. The service fee shall be paid from the finance charges and shall not be charged to the buyer in addition to the finance charges. The holder, finance company, credit union, or banking institution shall issue its check or bank draft for the principal amount financed, payable jointly to the buyer and seller, and there shall be imprinted on the back side of the check or bank draft the following:

Under Michigan law, the seller must record a first lien in favor of (name of lender) on the vehicle with vehicle identification number and title the vehicle only in the name(s) shown on the reverse side. On the front of the sales check or draft, the holder, finance company, credit union or banking institution shall note the name(s) of the prospective owner(s). Failure of the holder, finance company, credit union, or banking institution to comply with these requirements shall free the seller from any obligation to record the lien or from any and all liability that may arise as a result of the failure to record the lien. A service fee shall not be charged to the buyer.

(6) In the absence of actual malice proved independently and not inferred from lack of probable cause, a person who in any manner causes a prosecution for larceny of a motor vehicle; for embezzlement of a motor vehicle; for any crime an element of which is the taking of a motor vehicle without authority; or for buying, receiving, possessing, or aiding in the concealment of a stolen, embezzled, or converted motor vehicle knowing the motor vehicle has been stolen, embezzled, or converted, shall not be liable for damages in a civil action for causing the prosecution. This subsection shall not be construed to relieve a person from proving any other element necessary to sustain his or her cause of action.

Sec. 226. (1) A vehicle registration issued by the secretary of state shall expire on the owner's birthday, unless another expiration date is provided for under this act or unless the registration is for the following vehicles, in which case registration shall expire on the last day of February:

(a) A commercial vehicle other than a pickup truck or van owned by an individual.

(b) A trailer or semitrailer owned by a business, corporation, or person other than an individual; or a pole trailer.

(2) The expiration date for a registration issued for a motorcycle shall be March 31.

(3) The expiration date for a registration bearing the letters "SEN" or "REP" shall be February 1.

(4) In the case of a vehicle owned by a business, corporation, or an owner other than an individual, the secretary of state may assign or reassign the expiration date of the registration.

(5) The secretary of state shall:

(a) After December 31, 1982, if the year designated on the registration is 1984, after December 31, 1987, if the registration is to expire on the last day of February in 1989, or after the October 1 immediately preceding the year designated on the registration for all years other than 1984 or 1989, issue a registration upon application and payment of the proper fee for a commercial vehicle, other than a pickup or van owned by an individual; a trailer owned by a business, corporation, or person other than an individual.

(b) On or after January 1 of the year designated on an international registration plan registration plate, issue a registration under section 801g upon application and payment of the proper apportioned fee for a commercial vehicle engaged in interstate commerce.

(c) After the February 14 immediately preceding the year designated on a registration, issue a registration upon application and payment of the proper fee for a motorcycle.

(d) Beginning 45 days before the owner's birthday and 90 days before the expiration date assigned by the secretary of state, issue a registration for a vehicle other than those designated in subsection (1)(a) or (b). However, if an owner whose registration period begins 45 days before his or her birthday will be out of the state during the 45 days immediately preceding expiration of a registration or for other good cause shown cannot apply for a renewal registration within the 45-day period, application for a renewal registration may be made not more than 6 months before expiration.

(6) Except as otherwise provided in this subsection, the secretary of state, upon application and payment of the proper fee, shall issue a registration for a vehicle to a resident which shall expire on the owner's birthday. If the owner's next birthday is at least 6 months but not more than 12 months in the future, the owner shall receive a registration valid until the owner's next birthday. If the owner's next birthday is less than 6 months in the future, the owner shall receive a registration valid until the owner's birthday following the owner's next birthday. The tax required under this act for a registration described in this section shall bear the same relationship to the tax required under section 801 for a 12-month registration as the length of time of the registration bears to 12 months. Partial months shall be considered as whole months in the calculation of the required tax and in the determination of the length of time between the application for a registration and the owner's next birthday. The tax required for that registration shall be rounded off to whole dollars as provided in section 801.

(7) A certificate of title shall remain valid until canceled by the secretary of state for cause or upon a transfer of an interest shown on the certificate of title.

(8) The secretary of state, upon request, shall issue special registration for commercial vehicles, valid for 6 months after the date of issue, if the full registration fee exceeds \$50.00, on the payment of 1/2 the full registration fee and a service charge as enumerated in section 802(1).

(9) The secretary of state may issue a special registration:

(a) For a new vehicle purchased outside of this state and delivered in this state to the purchaser by the manufacturer of that vehicle for removal to a place outside of this state, if a certification is made that the vehicle will be primarily used, stored, and registered outside of this state and will not be returned to this state by the purchaser for use or storage.

(b) For a vehicle purchased in this state and delivered to the purchaser by a dealer or by the owner of the vehicle for removal to a place outside of this state, if a certification is made that the vehicle will be primarily used, stored, and registered outside of this state and will not be returned to this state by the purchaser for use or storage.

(10) A special registration issued under subsection (9) shall be valid for not more than 30 days after the date of issuance and a fee shall be collected for each special registration as provided in section 802(3). The special registration may be in the form determined by the secretary of state. If a dealer makes a retail sale of a vehicle to a purchaser who is qualified and eligible to obtain a special registration, the dealer shall make application for the special registration for the purchaser. If a person other than a dealer sells a vehicle to a purchaser who is qualified and eligible to obtain a special registration, the purchaser shall appear in person, or by a person exercising the purchaser's power of attorney, at an office of the secretary of state and furnish a certification that the person is the bona fide purchaser or that the person has granted the power of attorney, together with other forms required for the issuance of the special registration. The certification required in this section shall contain the following: the address of the purchaser; a statement that the vehicle is purchased for registration outside of this state; a statement that the vehicle shall be primarily used, stored, and registered outside of this state; the name of the jurisdiction in which the vehicle is to be registered; and other information desired by the secretary of state.

(11) Upon request, the secretary of state may issue a registration valid for 6 months after the date of issuance for use on a trailer or semitrailer weighing 1,500 pounds or less and that is used for recreational purposes, upon payment of 1/2 the full registration fee imposed under section 801(1)(l).

Sec. 226a. (1) Temporary registration plates or markers may be issued to licensed dealers in motor vehicles or trailer coaches and to persons engaged in the sale of vessels required to be numbered by the marine safety act, Act No. 303 of the Public Acts of 1967, being sections 281.1001 to 281.1199 of the Michigan Compiled Laws, upon application accompanied by the proper fee, for use by purchasers of motor vehicles, trailer coaches, or boat trailers weighing less than 2,500 pounds for not to exceed 15 days pending receipt of regular registration plates from the dealer or person. Only 1 temporary plate or marker may be issued to a purchaser of a motor vehicle, trailer coach, or boat trailer. The temporary registration plates or markers shall be made of such material and design as the secretary of state shall determine.

(2) A temporary registration plate or marker shall show in ink the date of issue, a description of the vehicle for which issued, and such other information as the secretary of state may require. A dealer or person shall immediately notify the secretary of state of each temporary registration plate or marker issued by the dealer or person, on a form prescribed by the secretary of state. Upon the attachment of the regular plate to a vehicle for which a temporary registration plate or marker has been issued, the temporary plate shall be destroyed.

(3) All temporary registration plates or markers shall be serially numbered and upon issuance the number shall be noted on the statement of vehicle sale form or in the case of a boat trailer on a form prescribed by the secretary of state.

(4) A dealer or person, upon demand, shall immediately surrender any temporary registration plates or markers in his or her possession if the secretary of state finds, after investigation, that the dealer or person has

violated this section, and the dealer or person shall immediately forfeit any right to the temporary registration plates or markers.

(5) Registration plates may be issued upon application and payment of the proper fee to an individual, partnership, corporation, or association not licensed as a dealer who in the ordinary course of business has occasion to legally repossess a vehicle in which a security interest is held. A registration plate issued pursuant to this subsection shall be used to move and dispose of a vehicle.

(6) Registration plates may be issued upon application and payment of the proper fee to an individual, partnership, corporation, or association not licensed as a dealer who in the ordinary course of business has occasion to legally pick up or deliver a vehicle not required to be titled under this act, or to repair or service a vehicle. A registration plate issued under this subsection shall be used to move such a vehicle.

(7) Registration plates may be issued upon application and payment of the proper fee to an individual, partnership, corporation, or association not licensed as a dealer who in the ordinary course of business operates an auto auction, and who in the ordinary course of business has occasion to legally pick up a vehicle which will be offered for sale at the auction, or deliver a vehicle which has been offered for sale at the auction. Such registration plates shall be used only to move vehicles as provided in this subsection. Auto auctions which make application for such registration plates shall furnish a surety bond as may be required by the secretary of state.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.